

00717

1985/05/03

NON-PARTIAL RELEASE ACT

!ICFITT-- SOUT -- GENSEE MESSAGE -- 7219 CHARACTERS
!ITENCI IFCM COMIFAC FONOIULU HI, SSN 0 AT 03 0222Z MAY85

KCCCNFACT

2021 CF 03

17-3: JIFAC DAILY INTELLIGENCE SUMMARY 83-85 (U)

(THIS REC. I.D. FN 221) (U) (b)(1)(D)
(U) INDIVIDUAL ITEMS MAY BE FURTHER DISSEMINATED TO U.S. INTELLIGENCE
AGENCIES BASED ON CLASSIFICATION AND NEED TO KNOW. REQUESTS
REFINEMENTS/EXCERPTS ANY INFORMATION CONTAINED IN THIS SUMMARY TO A
FOREIGN GOVERNMENT SECURELY FORWARDING TO COMINT FOR APPROVAL IN
ACCORDANCE WITH CURRENT NATIONAL DISCLOSURE POLICY.

(U) ICERAFT WISECUT SERVICE. INFORMATION PERISHABLE.

(E) FBI SICURF TELETYPE NUMBER FOR IPAC ANALYSTS IS 6223.
TELETYPE INDICATED.

THIS SUMMARY CONTAINS EIGHT ITEMS:

(C/FCTCBH!)

EFICIENCY -- ██████████ GENSER MESSAGE -- 7540 CHARACTERS
DIFFERENCE FROM COMIPAC HCHOIUIU HI, SSN 0 AT 03 0202Z MAYES

SECTION 82-CF-23

(S/N ~~100-100000~~) ALTHOUGH THE JIANGBUS HAVE BEEN PRODUCED AT FAIRLY REGULAR RATE (TWO PER YEAR ON THE AVERAGE) FOR THE LAST 10 YEARS, A TWO-YEAR HIATUS IN THEIR CONSTRUCTION FOR THE PIA NAVY WAS DUE AS UNITS 17 AND 18 WERE BUILT FOR THE EGYPTIAN NAVY. CONSTRUCTION OF THESE ADDITIONAL JIANGHU FRIGATES FOR THE PIA NAVY WILL SUSTAIN THE FLEET AT CURRENT LEVELS IN THE NEAR TERM.

CSF/ACFC-ENTRANCE

11 (D) EFC/TAIWAN: SHIP COLLISION INCIDENT SETTLED.

(C) ACCORDING TO THE OFFICIAL PRC NEWS AGENCY (XINEUA), ARBITRATION RELATED TO THE ACCIDENT INVOLVING THE COLLISION OF A TAIWAN FIGHTER AND A PRC FISHING BOAT ON 16 APR WAS SETTLED THROUGH DIPLOMATIC CONSULTATIONS. THE TAIWAN VESSEL DEPARTED THE MAINLAND FISHING PORT OF XIAMEN ON THE EAST COAST (ACROSS TAIWAN) FOR ITS RETURN ON 21 MAY. THE XINEUA RELEASE STATED THAT THE ACCIDENT RESULTED FROM THE FAILURE BY BOTH SIDES TO FOLLOW INTERNATIONAL REGULATIONS ON AVOIDING COLLISIONS AT SEA, AND THAT BOTH SIDES WERE RESPONSIBLE FOR THE INCIDENT. A COMPENSATION AGREEMENT WAS SIGNED BY BOTH SIDES. REPRESENTATIVES OF THE TAIWAN VESSEL NEGOTIATED THE SETTLEMENT.

(b) IFAC COMMENT: THE XINEUA ACCOUNT (PROBABLY ACCURATE) OF
THE AMICABLE SETTLEMENT OF THIS ACCIDENT IS NOTEWORTHY. XINEUA'S
STATEMENT THAT THE SITES (NOT SOLELY THE TAIWAN VESSEL) WERE AT
SEA IS NOT SURPRISING SINCE THAT APPROACH IS IN CONCERT WITH AND
PROJECTS BEIJING'S CHINA'S PEACEFUL REUNIFICATION CAMPAIGN, THE
WHICH WAS QUITE CAREFUL IN REPORTING THAT REPRESENTATIVES FROM
THE TAIWAN VESSEL NEGOTIATED THE SETTLEMENT--NOT THE TAIWAN GOVERN-
MENT. AITFCUDE BEIJING WOULD HAVE WELCOMED THE CHANCE FOR DIRECT
CONTACT WITH TAIWAN OFFICIALS. FROM THE MAINLAND CHINESE PERSPECTIVE,

ACT

THE SETTLEMENT OF THIS INCIDENT AT THE PEOPLE-TO-PEOPLES LEVEL
WAS AS ANOTHER CONCRETE EXAMPLE OF THE MOTHERLAND'S "GOOD FAITH"
PROFESSING ITS PEACEFUL REUNIFICATION PROPOSAL. IN RELATED
STATEMENTS, TAIWAN RECENTLY ANNOUNCED IT WOULD NOT INTERFERE WITH
DIRECT TRADE BETWEEN MAINLAND CHINA AND ITSELF FOR THE TIME
BEING. THIS ACKNOWLEDGMENT AND THE CONCLUDING OF SUCH TRADE BY
TFF IS REMARKABLE, AND MAY INDICATE A CERTAIN AMOUNT OF FLEXI-
BILITY IN ITS POLICY ON MAINLAND CHINA. MORE REALISTICALLY, IT
SAPPHY REPRESENTS A RECOGNITION OF THE REALITIES OF TAIWAN-PRC
OFFICIAL CONTACTS, WHICH ARE EXPECTED TO INCREASE IN THE NEAR
FUTURE. HOWEVER, IN THE FORESEEABLE FUTURE, THIS ANTICIPATED
INCREASE IN UNOFFICIAL CONTACTS WILL NOT COSTLY REUNIFICATION UNDERR-
MINATION OF EITHER BEIJING OR TAIPEI.

(U//~~SECRET~~) CHINA/TAIWAN/U.S.: ADE CONTROVERSY UPDATE.
(U//~~SECRET~~) RECENT REPORTING INDICATES THE ANNUAL MEETING OF THE
TFF SETTLEMENT BANK (ADE) ENDED WITHOUT RESOLUTION OF THE
ISSUE OF CHINA'S MEMBERSHIP IN THE ORGANIZATION. THE PRIMARY
DISPUTE CONCERNED ON TAIWAN'S NOMENCLATURE RELATIVE TO THE ENTRY
TO THE ADE OF THE PRC'S REPUBLIC OF CHINA. BEIJING CONTINUED
INSISTING THAT TAIWAN, AN ORIGINAL MEMBER OF THE BANK, CHANGE ITS
NAME "TAIWAN, CHINA." ACCORDING TO THE CHINESE MEASURES TO
RESOLVING THIS DISAGREEMENT, THIS DESIGNATION WOULD BE "CONSISTENT WITH EVERY-
ONE'S CHINESE POLICY," AND WAS DECIDED AT THE BIGGEST LEVEL OF THE
CHINESE GOVERNMENT. HOWEVER, TAIPEI HAS REJECTED THIS DESIGNA-
TION AND, INSTEAD, INDICATED ITS WILLINGNESS TO CONSIDER USING
"CHINA (TAIWAN)" OR "CHINA (TAIWAN)" AS ITS NOMENCLATURE, PROVIDED
TAIWAN COULD CONTINUE TO USE THE DESIGNATION "REPUBLIC OF
CHINA" IN ADDRESSING ITS COMMUNICATIONS WITH THE ADE.

(U//~~SECRET~~) IN AN ATTEMPT TO FACILITATE THE PRC'S ENTRY INTO THE
ADE (REF TO THE CONCLUDING OF THE ADE'S ANNUAL MEETING), A DE-
LEGATE FROM BEIJING PRESENTED BEIJING WITH A DRAFT MEMORANDUM OF
UNDERSTANDING (MOU). THE MOU, WHICH WAS PREPARED WITH INPUT FROM
THE ADE MEMBERSHIP (INCLUDING THE U.S.), RECOGNIZES THE PRC AS THE
CHINESE GOVERNMENT OF CHINA AND PROVIDES ASSURANCES OF TAIWAN'S
MEMBERSHIP AND PARTICIPATION IN THE ADE. IF BEIJING AGREES TO
THE MOU, IT WOULD FILE SATISFY CONCERN OF THE U.S. CONGRESS
ABOUT TAIWAN'S STATUS WITHIN THE BANK. ADDITIONALLY,
BEIJING VOLUNTARILY STATED IT WAS WILLING TO USE ITS INFLUENCE TO HELP
RESOLVE THE DISPUTION OF THE NOMENCLATURE ISSUE. HOWEVER, TO DATE
THIS WAS NOT SIGN THE MOU, BUT CONTINUES TO PRESSURE WASHINGTON
OVER ITS INTERESTS WITH TAIWAN.

(U//~~SECRET~~) IN VIEW OF THE FACT THAT CHINA PERCEIVES THE U.S. AS
A "THREAT" TO THE SUCCESSFUL (CHINESE PERCEPTION) SETTLEMENT OF THE
CONTROVERSY, THIS ISSUE PRESENTS ANOTHER CONTENTIOUS ISSUE IN
U.S.-CHINESE RELATIONS. THE PRC RECOGNIZES THAT THE ISSUE OF TAIWAN'S
STATUS MUST BE RESOLVED TO ITS SATISFACTION.

***** [REDACTED] ***** CONTRACT *****
EFFEY ELIMINATING ANY SUGGESTION OF BEIJING'S ACCEPTANCE OF A
TAC-CHINA POLICY.

(C) [REDACTED]

CONTRACT

(S/POFCEN/ENINTI) CERNA

PARTIAL TRANSCRIPTION FOLLOWS

03 0202Z MAY85

SECTION 02 OF 03

[PARAGRAPH EXCISED]

ALTHOUGH THE JIANGHUS HAVE BEEN PRODUCED AT A FAIRLY REGULAR RATE (TWO PER YEAR ON THE AVERAGE FOR THE LAST 10 YEARS, A TWO-YEAR HIATUS IN THEIR CONSTRUCTION FOR THE PLA NAVY WAS [ILLEGIBLE] AS UNITS 17 AND 18 WERE BUILT FOR THE EGYPTIAN NAVY. CONSTRUCTION OF THESE ADDITIONAL JIANGHU FRIGATES FOR THE PLA NAVY WILL SUSTAIN THE FLEET AT CURRENT LEVELS IN THE NEAR TERM.

[LINE EXCISED]

PRC/TAIWAN: SHIP COLLISION INCIDENT SETTLED.

ACCORDING TO THE OFFICIAL PRC NEWS AGENCY (XINHUA), ARBITRATION RELATED TO THE ACCIDENT INVOLVING THE COLLISION OF A TAIWAN FREIGHTER AND A PRC FISHING BOAT ON 18 APR WAS SETTLED THROUGH FRIENDLY CONSULTATIONS. THE TAIWAN VESSEL DEPARTED THE MAINLAND CHINESE PORT OF XIAMEN ON THE EAST COAST (ACROSS TAIWAN) FOR ITS HOMEPORT ON 01 MAY. THE XINHUA RELEASE STATED THAT THE ACCIDENT RESULTED FROM THE FAILURE BY BOTH SITES TO FOLLOW INTERNATIONAL REGULATIONS ON AVOIDING COLLISIONS AT SEA, AND THAT BOTH SIDES WERE RESPONSIBLE FOR THE INCIDENT. A COMPENSATION AGREEMENT WAS SIGNED BY BOTH SIDES. REPRESENTATIVES OF THE TAIWAN VESSEL NEGOTIATED THE SETTLEMENT.

IPAC COMMENT: THE XINHUA ACCOUNT (PROBABLY ACCURATE) OF THE AMICABLE SETTLEMENT OF THIS ACCIDENT IS NOTEWORTHY. XINHUA'S STATEMENT THAT BOTH SIDES (NOT SOLELY THE TAIWAN VESSEL) WERE AT FAULT IS NOT SURPRISING SINCE THAT APPROACH IS IN CONCERT WITH AND PROJECTS BEIJING'S ONGOING PEACEFUL REUNIFICATION CAMPAIGN. THE [ILLEGIBLE] WAS QUITE CAREFUL IN REPORTING THAT REPRESENTATIVES FROM THE TAIWAN VESSEL NEGOTIATED THE SETTLEMENT--NOT THE TAIWAN GOVERNMENT. ALTHOUGH BEIJING WOULD HAVE WELCOMED THE CHANCE FOR DIRECT CONTACT WITH TAIWAN OFFICIALS, FROM THE MAINLAND CHINESE PERSPEC-

TIVE, THE SETTLEMENT OF THIS INCIDENT AT THE PEOPLE-TO-PEOPLE LEVEL SERVES AS ANOTHER CONCRETE EXAMPLE OF THE MOTHERLAND'S "GOOD FAITH" IN PROFESSING ITS PEACEFUL REUNIFICATION PROPOSAL. IN RELATED DEVELOPMENTS, TAIWAN RECENTLY ANNOUNCED IT WOULD NOT INTERFERE WITH DIRECT TRADE BETWEEN MAINLAND CHINA AND ITSELF FOR THE TIME BEING. THIS ACKNOWLEDGEMENT AND THE CONDONING OF SUCH TRADE BY TAIPEI IS REMARKABLE, AND MAY INDICATE A CERTAIN AMOUNT OF FLEXIBILITY IN ITS POLICY ON MAINLAND CHINA. MORE REALISTICALLY, IT [ILLEGIBLE] REPRESENTS A RECOGNITION OF THE REALITIES OF TAIWAN-PRC UNOFFICIAL CONTACTS, WHICH ARE EXPECTED TO INCREASE IN THE NEAR [ILLEGIBLE]. HOWEVER, IN THE FORESEEABLE FUTURE, THIS ANTICIPATED INCREASE IN UNOFFICIAL CONTACTS WILL NOT FOSTER REUNIFICATION UNDER THE CONDITIONS OF EITHER BEIJING OR TAIPEI.

[LINE EXCISED]

CHINA/TAIWAN/U.S.: ADB CONTROVERSY UPDATE.

RECENT REPORTING INDICATES THE ANNUAL MEETING OF THE ASIAN DEVELOPMENT BANK (ADB) ENDED WITHOUT RESOLUTION OF THE QUESTION OF CHINA'S MEMBERSHIP IN THE ORGANIZATION. THE PRIMARY OBSTACLE CENTERS ON TAIWAN'S NOMENCLATURE RELATIVE TO THE ENTRY TO THE ADB OF THE PEOPLE'S REPUBLIC OF CHINA. BEIJING CONTINUES TO INSIST THAT TAIWAN, AN ORIGINAL MEMBER OF THE BANK, CHANGE ITS [ILLEGIBLE] TO "TAIWAN, CHINA." ACCORDING TO THE CHINESE AMBASSADOR TO THE PHILIPPINES, THIS DESIGNATION WOULD BE "CONSISTENT WITH EVERY-[ILLEGIBLE] ONE-CHINA POLICY, AND WAS DECIDED AT THE HIGHEST LEVEL OF THE CHINESE GOVERNMENT." NEVERTHELESS, TAIPEI HAS REJECTED THIS DESIGNATION AND, INSTEAD, INDICATED ITS WILLINGNESS TO CONSIDER USING CHINA (TAIPEI) OR "CHINA (TAIWAN)" AS ITS NOMENCLATURE, PROVIDED THAT TAIWAN COULD CONTINUE TO USE THE DESIGNATION "REPUBLIC OF CHINA" IN ADDRESSING ITS COMMUNICATIONS WITH THE ADB.

IN AN ATTEMPT TO FACILITATE THE PRC'S ENTRY INTO THE BANK (PRIOR TO THE CONVENING OF THE ADB'S ANNUAL MEETING), ADB [ILLEGIBLE] PRESENTED BEIJING WITH A DRAFT MEMORANDUM OF UNDERSTANDING (MOU). THE MOU, WHICH WAS PREPARED WITH INPUT FROM [ILLEGIBLE] MEMBERSHIP (INCLUDING THE U.S.), RECOGNIZES THE PRC AS THE [ILLEGIBLE] GOVERNMENT OF CHINA AND PROVIDES ASSURANCES OF TAIWAN'S [ILLEGIBLE] MEMBERSHIP AND PARTICIPATION IN THE ADB. IF BEIJING AGREES TO SIGN THE MOU, IT WOULD HELP SATISFY CONCERNs OF THE U.S. CONGRESS [ILLEGIBLE] TAIWAN'S STATUS WITHIN THE BANK. ADDITIONALLY, WASHINGTON WOULD THEN BE WILLING TO USE ITS INFLUENCE TO HELP RESOLVE RESOLUTION OF THE NOMENCLATURE ISSUE. HOWEVER, TO DATE CHINA HAS NOT SIGNED THE MOU, BUT CONTINUES TO PRESSURE WASHINGTON TO EXERT ITS INFLUENCE WITH TAIWAN.

IN VIEW OF THE FACT THAT CHINA PERCEIVES THE U.S. AS THE "KEY" TO THE SUCESSFUL (CHINESE PERCEPTION) SETTLEMENT OF THE [ILLEGIBLE] CONTROVERSY, THIS ISSUE REPRESENTS ANOTHER CONTENTIOUS ISSUE IN CHINA-U.S. RELATIONS. THE PRC RECOGNIZES THAT THE ISSUE OF TAIWAN'S [ILLEGIBLE] MEMBERSHIP IN THE ADB MUST BE RESOLVED TO ITS SATISFACTION

THEREBY ELIMINATING ANY SUGGESTION OF BEIJING'S ACCEPTANCE OF A
"TWO-CHINA" POLICY.

[LINE EXCISED]

[REMAINDER OF TEXT ON PAGE EXCISED]